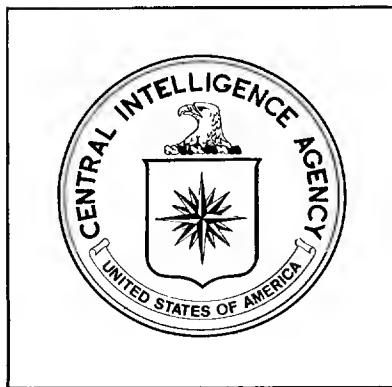


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No. 0225-75

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Approved For Release 2002/01/10 : CIA-RDP79T00865A001300270001-9

WESTERN EUROPE – CANADA – INTERNATIONAL ORGANIZATIONS

This publication is prepared for regional specialists in the Washington community by the Western Europe Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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Papandreu's Party Experiences Leadership Crisis

Leftist politician Andreas Papandreu's difficulty in maintaining control over his political party which is replete with ideologues could deal at least a temporary setback to his political ambitions.

Papandreu gained majority control of the Panhellenic Socialist Movement's (PASOK) 75 member central committee at the party convention in March but he has been unable to silence the vocal minority. Papandreu's opponents have charged that he employs dictatorial methods and is attempting to transform the party into a personal vehicle to serve his own ambitions. Papandreu responded by expelling 11 central committee members on June 8, charging that they were trying to steer the party away from its socialist origins and into the arms of NATO and "multi-national capital." He also claimed that the dissidents violated party discipline by making their criticisms in public.

The root cause of the controversy appears to be the opposition's preference for a social democratic party which Papandreu has fought against. The fiery demagogue prefers instead a party with a more radical orientation. The crisis within PASOK was heightened when 37 more prominent party members including Melina Mercouri and Lady Amalia Fleming either resigned or were expelled for protesting the expulsion of the 11 dissident central committee members. Papandreu then dissolved the entire central committee and announced that the movement's national leadership organs would be reconstituted. In this regard, Papandreu embarked on July 5 on a "grass roots" cross country tour aimed at revitalizing the movement.

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In an apparent effort to divert public attention from his own party's internal problems, Papandreou has launched scathing attacks against the other parties--including his fellow members of the opposition as well as the Karamanlis government.

The leadership crisis in the party has tarnished Papandreou's public image somewhat and has probably hurt the party's electoral prospects in the short run even though the dissidents are unlikely to succeed in forming a separate party. It is not yet clear how the crisis will affect the party's small parliamentary group. (Secret No Foreign Dissem)

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Iceland Announces Extended Fishing Limits

Iceland is currently drafting long-awaited legislation extending its fishing limits to 200 miles effective on October 15, 1975. The regulation will be made public on July 15 if the government gives final approval.

The present Independence-Progressive coalition has been undecided on how to regulate foreign fishing in waters surrounding Iceland. Prime Minister Hallgrímsson and Foreign Minister Agustsson favor reaching agreements with the UK and West Germany which would permit some fishing even within the current 50-mile fishing zone. The opposition Communist-dominated Peoples Alliance, on the other hand, is opposed to any fishing by foreign fishermen within the 200-mile zone. The smaller opposition parties, the Social Democrats and the Liberal Left Organization, are divided on the issue.

It had been expected that Iceland would unilaterally extend its fishing limits sometime in the fall, about the time the fisheries agreement with the UK is due to expire. Recent concessions by both the UK and West Germany in anticipation of new fisheries negotiations may have encouraged Iceland to put its maximum demands on record now.
(Confidential)

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Italian Parties' Local Ties Add to "Red Belt"

The Italian Socialist Party's apparent preference for local governmental alliances with the Communist Party is putting an additional strain on the government of Prime Minister Moro.

The regional and local elections, in which the Communists scored heavy gains and the Socialists moderate gains, left the latter with the option in many areas of linking up with the Communists or the Christian Democrats. One such area was Liguria, where yesterday the Socialists chose to join a Communist-led government rather than a center-left regional coalition with the Christian Democrats. The action adds a fourth region to the Italian "red belt," where the Communists predominate but share power with the Socialists.

The other center-left parties cannot object very strongly to the Ligurian arrangement; the Communists and Socialists controlled the regional capital, Genoa, before the elections, and Liguria was the only new region in which the two parties captured a clear majority last month.

More likely to provoke trouble, however, is the apparent Socialist preference for a government with the Communists in the northern region of Piedmont, where the two parties do not quite have a majority. In Piedmont, the Socialists are inclined to set up a minority administration with the Communists, despite the fact that a center-left government would have a four-seat majority.

Two members of Moro's cabinet, whose home base is Piedmont, are threatening to bring down the Moro government by resigning if the Socialists abandon the center-left formula there.

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The Socialists are also complicating Moro's efforts on the national level to secure agreement among the four center-left parties on legislation to deal with some of Italy's urgent problems. Socialist leader De Martino made it clear this week that his party will not commit itself to any legislative package before it knows the results of the Christian Democratic Party's national council on July 19. The Socialists have been demanding that the Christian Democrats revise their leadership and policies in response to the leftward shift in the election. (Confidential)

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Tensions High on Cyprus

Tensions on Cyprus, already high, are likely to increase next week when the two ethnic communities mark the first anniversary of the July 15 coup against Makarios and the July 20 Turkish invasion with mass demonstrations. Officials on both sides intend to take precautionary measures to avoid major violence but some disturbances are likely and these could escalate into more serious incidents.

Greek Cypriots are planning an "international solidarity week" that will be marked by a general work stoppage and mass gatherings throughout their zone on July 15, culminating in mass demonstrations in Nicosia on July 20. Leftist and other pro-Makarios groups have reportedly mobilized for activities of their own and this has prompted the far right to do the same.

While there is no information that either side intends to initiate violence, Makarios is reportedly concerned that a mishap or independent action by radical fringe elements could spark violence and reprisals. Foreign missions in Nicosia, for instance, could become targets for demonstrators. The US embassy in Nicosia has already been informed by its sources that a demonstration will take place in front of the embassy.

The Turkish Cypriots are planning their own demonstration on July 20 to celebrate the arrival of the Turkish forces. They will also be watching with concern the activities in the Greek Cypriot zone and will be particularly anxious about the safety of their 8,000 kinsmen remaining in the south.

The probability that more than the usual scattered firing incidents and insults exchanged along

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the cease fire line will take place next week is high but neither side appears to be contemplating major offensive action. Greek Cypriots do not have the capability for such action and the Turks do not have the desire, although large-scale attacks against their kinsmen in the south could prompt the Turkish forces to advance into the Greek Cypriot zone. Greek Cypriot officials recognize this danger and are likely to take the necessary measures to protect the Turkish Cypriots in the south. Both sides will probably place their forces on alert as a precautionary measure. Turkish Cypriot forces have already been placed on a low-level alert.

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